

## SENATE BILL NO. 179

INTRODUCED BY K. TOOLE

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE VIDEO GAMBLING MACHINE LICENSE TAX FOR VIDEO GAMBLING MACHINES LOCATED ON A PREMISES THAT HAS MORE THAN 10 VIDEO GAMBLING MACHINES; AMENDING SECTION 23-5-610, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 23-5-610, MCA, is amended to read:

**"23-5-610. (Temporary) Video gambling machine gross income tax -- credit -- records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department a video gambling machine tax ~~of 15%~~ based upon a percentage of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented. The tax imposed by this subsection is:

(a) 15% of the gross income from each machine for an establishment that has 10 or fewer machines on the premises; and

(b) 30% of the gross income from each machine for an establishment that has more than 10 machines on the premises.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine prior to the available connection date;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine

1 to make it compatible with the automated system.

2 (b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling  
3 machine or the actual hardware and software cost necessary for conversion of the video gambling machine to  
4 the automated accounting and reporting system, whichever is less.

5 (3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the  
6 quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected  
7 to the automated accounting and reporting system authorized by 23-5-637.

8 (4) A licensed machine owner shall keep a record of the gross income from each video gambling  
9 machine issued a permit under this part in the form the department requires. The records must at all times during  
10 the business hours of the licensee be subject to inspection by the department.

11 (5) (a) For each video gambling machine issued a permit under this part but not connected to the  
12 department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after  
13 the end of each quarter and in the manner prescribed by the department, complete and deliver to the department  
14 a statement showing the total gross income, together with the total amount due the state as video gambling  
15 machine gross income tax for the preceding quarter. The statement must contain other relevant information that  
16 the department requires.

17 (b) For each video gambling machine issued a permit under this part that is connected to the  
18 department's automated accounting and reporting system, the department shall, within 5 working days after the  
19 end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed  
20 operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement  
21 showing the total gross income from the video gambling machine, together with the total amount due the state  
22 as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit  
23 the total amount due the state under this subsection within 25 days after the end of each quarter.

24 (6) Except as provided in subsection (7), the department shall, in accordance with the provisions of  
25 15-1-501, forward the tax collected under subsection (5) to the general fund.

26 (7) Receipts from the taxes collected under this section are pledged and dedicated to guarantee  
27 repayment of loans participated in under 23-5-638 in an amount sufficient to meet the prepayment obligation  
28 for the fiscal year during which the loans are made. The amount of taxes pledged by this subsection is the dollar  
29 amount of loan participation under 23-5-638 and must be allocated to a separate account in the short-term  
30 investment pool. The board of investments is not entitled to use the proceeds from taxes collected under this

section to repay a loan made under 23-5-638 unless the board certifies that all other commercially available means of collection on the loan have been exhausted. (Terminates December 31, 2005--sec. 10, Ch. 424, L. 1999.)

**23-5-610. (Effective January 1, 2006) Video gambling machine gross income tax -- credit -- records -- distribution -- quarterly statement and payment.** (1) A licensed machine owner shall pay to the department a video gambling machine tax ~~of 15%~~ based upon a percentage of the gross income from each video gambling machine issued a permit under this part. A licensed machine owner may deduct from the gross income amounts equal to amounts stolen from machines if the amounts stolen are not repaid by insurance or under a court order, if a law enforcement agency investigated the theft, and if the theft is the result of either unauthorized entry and physical removal of the money from the machines or of machine tampering and the amounts stolen are documented. The tax imposed by this subsection is:

(a) 15% of the gross income from each machine for an establishment that has 10 or fewer machines on the premises; and

(b) 30% of the gross income from each machine for an establishment that has more than 10 machines on the premises.

(2) (a) A licensed machine owner is entitled to a tax credit for each video gambling machine for which a permit has been issued under this part if:

(i) the permit was active for the video gambling machine prior to the available connection date;

(ii) the department determines that the video gambling machine is incapable, in the form in which it was approved by the department, of communicating with the automated accounting and reporting system authorized by 23-5-637; and

(iii) the licensed machine owner participates in the automated accounting and reporting system and incurs actual hardware or software costs prior to January 1, 2005, for conversion of the video gambling machine to make it compatible with the automated system.

(b) The amount of the tax credit allowed under subsection (2)(a) is \$250 for each video gambling machine or the actual hardware and software cost necessary for conversion of the video gambling machine to the automated accounting and reporting system, whichever is less.

(3) If a tax credit is claimed under subsection (2)(a), the credit is deducted from the tax due for the quarter or quarters that begin after the video gambling machine for which the tax credit is claimed is connected to the automated accounting and reporting system authorized by 23-5-637.

(4) A licensed machine owner shall keep a record of the gross income from each video gambling machine issued a permit under this part in the form the department requires. The records must at all times during the business hours of the licensee be subject to inspection by the department.

(5) (a) For each video gambling machine issued a permit under this part but not connected to the department's automated accounting and reporting system, a licensed machine owner shall, within 15 days after the end of each quarter and in the manner prescribed by the department, complete and deliver to the department a statement showing the total gross income, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The statement must contain other relevant information that the department requires.

(b) For each video gambling machine issued a permit under this part that is connected to the department's automated accounting and reporting system, the department shall, within 5 working days after the end of each quarter, complete and deliver to the licensed machine owner (with a copy sent to the licensed operator, if different from the licensed machine owner, on whose premises the machine is placed) a statement showing the total gross income from the video gambling machine, together with the total amount due the state as video gambling machine gross income tax for the preceding quarter. The licensed machine owner shall remit the total amount due the state under this subsection within 25 days after the end of each quarter.

(6) The department shall, in accordance with the provisions of 15-1-501, forward the tax collected under subsection (5) to the general fund."

**NEW SECTION.** **Section 2. Effective date.** [This act] is effective July 1, 2005.

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